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June 2, 2000

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JUN - 2 2000

OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals, 445 12th Street, S.W.
Counter TW-A325
Washington, D.C. 20554

Re: ***Ex Parte* Submission of Northpoint Technology, Ltd.**
ET Docket No. 98-206, RM-9147, RM-9245

Dear Ms. Salas:

This letter is written to notify you that on June 1, 2000, Sophia Collier, president of Northpoint Technology, Ltd. and BroadwaveUSA, wrote to Ari Fitzgerald of the Commission's International Bureau regarding concentration and competition in the multichannel video distribution marketplace. Copies of Ms. Collier's letter and its attachments are enclosed with this notification.

An original and six copies of this letter are submitted for inclusion in the public record for the above-captioned proceedings. Please direct any questions concerning this submission to the undersigned.

Sincerely,

David H. Pawlik

David H. Pawlik
Counsel for Northpoint Technology, Ltd.

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List A B C D E

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

June 1, 2000

Ari Fitzgerald
Federal Communications Commission
445 12th Street
Washington, D.C.

Dear Ari:

As a follow up to our discussion on concentration and competition in the multi-channel video marketplace, we have extracted for your convenience the attached quotations from the FCC's *Sixth Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming released 1/14/00*. As we discussed, this report provides extensive documentation of the significant concentration of ownership and lack of competitive alternatives in multi-channel video.

As you will see in the attached extracts, according to the report, 90% of all cable subscribers are served by the top seven operators and less than 0.5% of all communities in the United States have "effective competition." Where competition exists, consumers receive real benefits, typically in the form of price reductions averaging 6%[1] and improved service.

The report also documents that DBS has offered improved digital services, but has not stimulated price competition.[2]

Clearly, introducing price competition to the 99.5% of communities within the United States where no competition exists presents an important task for the Commission and an overwhelming public interest. For example, application of the typical 6% "effective competition" price reduction would result in savings to American consumers of $1.76 billion on an annual basis.

We look forward to discussing these points with you further at your convenience.

Sincerely yours,

Sophia

Sophia Collier
President

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[1] *Paragraph 73*

[2] *Paragraph 245*

Extracts From Sixth Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming

Concentration:

"Consolidations within the cable industry continue as cable operators acquire and trade systems. The seven largest operators now serve almost 90% of all U.S. cable subscribers."[3]

"The market for the delivery of video programming to households continues to be highly concentrated and characterized by substantial barriers to entry."[4]

Price Trends

"During the period under review, cable rates rose faster than inflation... According to the Bureau of Labor Statistics, between June 1998 and June 1999, cable prices rose 3.8% compared to a 2% increase in the CPI, which measures general price changes."[5]

State of Competition

"..of the 33,000 cable community units nationwide, 157 have been certified by the Commission as having effective competition"[6]

Benefits of Competition

"The case studies suggest that subscribers have benefited from "head-to-head" competition. Generally, in the communities studied, subscribers: (a) paid lower monthly charges for services and equipment; (b) have received additional program offerings; (c) have access to alternative sources of telecommunications and Internet services; (d) have received new digital services; and (e) may expect better customer service from the incumbent cable operator."[7]

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[3] *Paragraph 16*

[4] *Paragraph 140*

[5] *Paragraph 9*

[6] *Paragraph 140*

[7] *Paragraph 244*

Extracts From Six Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming

Continued, page 2

Example of Price Benefits of Competition Where It Exists

> "...subscribers in communities adjacent to competitive communities pay more for similar services than subscribers in competitive communities For example, in Independence, Ohio, Cablevision charges a total package price of $50.69 for a channel line-up nearly identical to that offered in nearby Brooklyn, Ohio, for $30.90 where it [has competition]. Similarly, in Auburn, Michigan, AT&T charges $45.98 for a package identical to that offered in nearby Rochester, Michigan, for $39.40 where it faces competition..."[8]

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[8] *Paragraph 247*

Analysis of Potential Annual Savings From Effective Competition

Average monthly price without "effective competition"*	$ 30.53
Average monthly price with "effective competition"*	$ 28.71
Monthly Savings	$ 1.82
% Savings	6.0%
Communities with "effective competition"*	157
Total multi-channel video communities*	33,000
% Communities with competition	0.48%
% Communities without competition	99.52%
Multi-channel video users in U.S.*	80,900,000
Annual cost for multi-channel video in communities without competition	$ 29,497,516,477
Application of average savings	$ 1,758,450,049

* *Data from the Federal Communications Commission's Sixth Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming, released 1/14/00*